

DEPARTMENT OF BUDGET AND FINANCE

The Department of Budget and Finance, established under section 26-8, Hawaii Revised Statutes, is headed by the Director of Finance. The Department administers the development of the State's short-, intermediate-, and long-range financial plans, administers the state budget, and provides programs for the improvement of management and financial management of state agencies. It coordinates all budget services, supervises the implementation of the fiscal policies established by the Governor or mandated by the Legislature, prepares the Governor's budget for submission to the Legislature, and has custody of all state funds.

Budget, Program Planning and Management Division

The Budget, Program Planning and Management Division's primary function is to optimize the expenditure of all public funds. It does this by assisting state agencies to improve the operational effectiveness of their programs and the effectiveness of agency budgeting, and by issuing guidelines and instructions regarding appropriate statewide implementation of statutory and constitutional budget provisions.

The Division conducts studies and evaluations of the effectiveness of state programs. It also develops and implements a program evaluation system and coordinates the planning and program analysis projects of the State's agencies. The Division analyzes and assists the administration in improving management systems, policies, and procedures; develops a format and procedures for a statewide program structure; and reviews requests for reorganization. The Division also develops staffing and performance standards and methods to improve the utilization of space, time, and personnel. Additionally, the Division administers the State's capital improvements program, together with the Public Works Division of the Department of Accounting and General Services.

The Division also develops and implements resource allocation policies of state government and makes long-range budget and resource allocation. The Division reviews long- and short-range program plans, and prepares the executive budget that is submitted to the Legislature. The Division also supervises and controls all budget appropriations authorized by the Legislature, and provides program revenue and expenditure data and analysis to appropriate divisions of the Department. In addition, the Division prepares and updates the State's general fund financial plan, and provides staff support to the Council on Revenues, primarily regarding non-tax and special fund tax revenue projections. The Division also provides fiscal and budgetary staff support on matters involving collective bargaining negotiations and the analysis of collective bargaining proposals and contracts.

Financial Administration Division

As custodian of the public funds and securities, the Financial Administration Division (FAD) manages the State Treasury, where receipts, investments, disbursements, and transfers of funds are conducted. FAD monitors the State's investments and cash flow requirements and develops investment strategies accordingly.

Through the issuance and control of state bonds, FAD manages the public debt. Other agencies are also assisted with their bond sale requirements. All tasks related to the issuance of bonds are conducted by FAD, which include preparing and reviewing all bond documents and official statements, monitoring bond yields and market conditions, coordinating pricing and document preparation between all involved parties, ensuring conformance with laws and regulations, and monitoring repayments.

Included in FAD's responsibilities is the Unclaimed Property Program. The Program receives, holds in custody, and returns to its owners properties deemed to be abandoned.

Attached for Administrative Purposes

Employees' Retirement System

The Employees' Retirement System of the State of Hawaii, established under section 88-22, Hawaii Revised Statutes, provides retirement allowances and other benefits for officers and employees of the State and counties. The general administration and operation of the System is the responsibility of the eight-member Board of Trustees for the Employees' Retirement System. The Board of Trustees is composed of the Director of Finance as an ex officio member and four members of the System, two of whom are general employees, one teacher, and one retirant elected by the members of the System for six years. The remaining three trustees are citizens of the State, not public employees, one of whom is a responsible officer of a bank authorized to do business in the State, or a person of similar experience, appointed by the Governor, with the advice and consent of the Senate, for six-year terms.

Under the direction of the Board, the Retirement System plans and directs the retirement benefits programs for state and county employees. It enrolls members in the appropriate retirement plan, provides pre-retirement counseling services, and processes claims for retirement, death, and disability benefits. In addition, the personnel of the Retirement System account for and safeguard the System's assets.

Public Employees Health Fund

The Hawaii Public Employees Health Fund, established under section 87-2, Hawaii Revised Statutes, provides health, group life, and long-term care insurance benefits for eligible, active, and retired state and county employees and their dependents.

The Fund also administers the State of Hawaii's Premium Conversion Plan and assists qualified beneficiaries to obtain federal COBRA health insurance benefits.

The Health Fund's Board of Trustees, established under section 87-11, Hawaii Revised Statutes, consists of nine members: three members representing different public employee organizations, three members representing different private business organizations, a member of the clergy, a teacher, and the Director of Finance. Trustees are appointed by the Governor and serve a term of four years.

Public Utilities Commission

The Public Utilities Commission, established under section 269-2, Hawaii Revised Statutes, has general supervision over all public utilities. It has investigative powers which allow it to examine the condition of each public utility; the manner in which it is operated, especially the operations which relate to the safety or accommodation of the public; and the safety, hours, and wages of its employees. The Commission may also investigate the rates and fares charged by utilities, the value of utilities' physical property, all financial transactions, and all other matters relating to public utilities that affect the public.

The Public Utilities Commission is a three-member commission appointed by the Governor subject to the advice and consent of the Senate. Members of the Commission are appointed for six years or until a successor is appointed but for not more than twelve consecutive years. No person owning any interest in any public utility corporation or having any income from a public utility may be appointed to the Commission. The Chairperson of the Commission is designated by the Governor.

Office of the State Public Defender

The Office of the State Public Defender is established under section 802-8, Hawaii Revised Statutes.

Any indigent person arrested for, charged with, or convicted of an offense punishable by imprisonment, or threatened with involuntary confinement in a mental institution, is entitled to representation by a public defender from the Office of the State Public Defender. In addition, representation is provided children who may come within the purview of chapter 571, Hawaii Revised Statutes, relating to Family Courts.

The State Public Defender is appointed by the Defender Council for a term of four years, and until a successor is appointed and qualified. During the term of office, the Public Defender devotes full time to duties of the Office and is not permitted to engage in the general practice of law.

Defender Council. The Defender Council is the governing body of the Office of the State Public Defender, pursuant to section 802-9, Hawaii Revised Statutes. The five-member

Council is appointed by the Governor. The membership of the Council includes at least one member from each of the counties and is chaired by the person selected by its members.

Hawaii Employer-Union Health Benefits Trust Fund

The Hawaii Employer-Union Health Benefits Trust Fund was established pursuant to Act 88, Session Laws of Hawaii 2001. Under this provision, the Governor appoints a ten-member board of trustees to oversee a new trust fund created to design new health benefit plans for public employees and retirees. Five trustees represent the public employers, and five trustees, one of whom represents retirees, represent employee-beneficiaries.

The Hawaii Employer-Union Health Benefits Trust Fund is mandated to design and to approve health benefit plans for active and retired public employees that will take effect on July 1, 2003.

